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Yugoslavia Imports Feedstuffs and Cattle in Dairy/Livestock Boom

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American Holsteins are playing an important role in Yugoslavia's program to increase output of dairy products. In 1970 and 1971, 884 bred Holstein heifers were imported for two of the country's socialized farms. Nearly all of the heifers have set milk production records for their farms and have produced sturdy offspring like the bulls in the photo. See story beginning on page 4.

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Yugoslavia Seeks To Up Milk Output To Reduce Imports Of Milk and Dairy Products And Continue Exports

By FRANK W. EHMAN
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Yugoslavia is both an importer and exporter of milk and dairy products, but for some years past its milk production has not been sufficient to supply the country's growing domestic needs and, at the same time, supply its export markets. As a result it has had to import sizable quantities of milk and dairy products. To lessen its dependence on foreign supplies, and at the same time to provide enough surplus milk for export, Yugoslavia has embarked on a program to increase milk output by upgrading the country's dairy herds.

Yugoslavia has already imported 884 U.S. Holsteins to improve dairy herds on Government (socialized) farms, and the prospect is that it will import additional dairy cattle in the future—some of which will probably come from the United States.

During 1970, Yugoslavia's total milk production—5,668 million pounds—averaged only 276 pounds of fresh milk per capita, compared with 576 pounds in the United States, 987 pounds in Austria, and over 2,000 pounds in Denmark, Ireland, and New Zealand. Yugoslavia's per capita consumption for the year was a reported 170 pounds of fresh milk per person, compared with 264 pounds in the United States, 338 pounds in Austria, and over 400 pounds in some other countries.

But, as low as 1970's milk production was, it was still 629 million pounds over the 5,041 million pounds produced in 1960. This represented a 12.4-percent increase in the country's total milk yield during the 10-year period. The country's milk production came from a herd of some 2.1 million milk cows, 100,000 head larger than in 1960.

In Yugoslavia, dairy statistics are

kept separately for socialized and for private farms. Together they give a picture for the whole country.

Of the 2.1 million milk cows in the country in 1970, 89,000 head or about 4.2 percent were on socialized farms. This compared with 130,000 head or about 6.5 percent in 1960, and represented a drop of some 41,000 head.

At the same time, dairy cow numbers on private farms grew from 1.8 million head in 1960 to 2 million in 1970. In terms of the total milk herd, 93.5 percent were on private farms in 1960, growing to 95.7 percent 10 years later. Hence, while the size of the country's milk herd increased during 1960-70 period, all of the increase occurred in the private sector.

Cows on socialized farms produced 13.4 percent of the total milk supply in 1970. The socialized production of 762 million pounds of fresh milk in 1970 was up 139 million pounds—22.2 percent over 1960. Meanwhile, production in the private sector—4,907 million pounds—was up 490 million pounds, or only 11.1 percent during the 10-year period.

Yugoslavia's average milk production per cow—2,700 pounds in 1970—was extremely low. For the private sector alone, the figures are even lower. The average per cow on private farms in 1970 was only 2,441 pounds, up a bare 3.6 percent over 1960. However, the socialized sector, with 8,409 pounds per cow, registered the impressive gain of about 75 percent over the 4,789 pounds produced 10 years earlier.

Production per cow in Yugoslavia by world standards is extremely low. The country average of 2,441 pounds in 1970 compares with 7,778 pounds in the United States (1969), 6,752 pounds in Austria, and 9,458 pounds in the Netherlands. Of course, the socialized sector—with an average of 8,409 pounds—is doing better, but it still lags considerably behind the Dairy Herd Improvement Association average of 12,000 pounds in the United States.

With relatively low production on the one hand and growing internal demand brought about by higher living standards and increased tourism on the other, present supplies are inadequate, especially during the winter months. Sizable imports are required in this season.

In 1970, imports of milk and dairy products (on an actual weight basis) totaled 21,952 metric tons. This amount, less exports of 11,003 tons, left a negative balance of dairy trade totaling 10,949 tons. It compares with the year before when there was a positive balance of 5,125 tons.

The import-export situation is frustrating Yugoslavia's hopes of using milk and dairy products as foreign-exchange earners. Ordinarily, some milk and cheese is exported, but in 1970 more milk was imported than exported, and preliminary data for 1971 indicate unusual imports of butter (4,969 metric tons), powdered milk (5,020 tons), and cheese (1,655 tons). It is possible Yugoslavia may again have been a net importer of milk and dairy products in 1971.

Improving the quality of the country's milk herd is one of the most important aspects of the overall improvement program now being carried out by Yugoslavia. So far, the main effort to improve animal breeding techniques has centered in the socialized sector. This work will be intensified in the future, primarily by importing top milk animals and semen for use in upgrading existing dairy stock.

The basic herd on socialized farms numbered a reported 89,400 cows in 1970, and consisted largely of East Friesians (38 percent). Also included in the herd were Simmental (35 percent), Red Danish (13 percent), Brown Swiss (7 percent), Red White (2.5 percent), and other breeds (5 percent). Changes in the herd over the 1960-70 period included not only a decrease in total numbers by 37,600, or 30 percent, but also a shift in herd makeup. There has been a sharp cut in the number of Simmentals and notable increases in the Friesian and Danish breeds on Yugoslav socialized farms.

Impressive progress has already been made in the improvement of production records on socialized farms, with a jump of over 75 percent in average milk yield per head during the 1960-70 period. But further improvement beyond the average of 8,400 to 8,500 pounds will require better cattle.

In November 1970, Yugoslavia introduced U.S. Holsteins in the socialized herd by importing one plane load of 80 purebred heifers. During 1971, 804 additional purebred heifers were delivered in a massive "cow-lift" operation involving nine planes. This was the largest air shipment of dairy cattle ever made from the United States. These animals, now located on two different socialized farms, are proving highly adaptable to Yugoslav conditions. The 80 U.S. Holsteins in the first shipment have a herd production average of 14,762 pounds of milk, with some producing around 20,000 pounds. (See story on page 4.)

U.S. Holsteins munch hay on a Yugoslav farm.

One of the two farms, PIK Becej, is expected to become a principal dairy improvement center for the country. New facilities for a 6,000-head herd are being completed, and the herd will be basically of U.S. stock. The farm holds an associate membership in the American Holstein-Friesian Association, and all animals will be classified and registered in that association. Offspring and semen from the farm will become available to buyers anywhere in the country. Similar farms may also be developed in the future.

Yugoslavia's improvement program calls for upgrading the country's herds to a point where total annual produc-

tion of cow's milk will reach 6,132 million pounds by 1975. The plan, however, calls for little or no growth in the size of the dairy herd. This means that a large-scale replacement of inefficient milk producers by more productive cows will have to take place. Additional cattle imports will, of course, be required if the country is to achieve its goal of more than 6,000 million pounds of milk per year.

The socialized farms are expected to carry most of the increase in the 1970-75 period. The plan calls for private farms to boost average per-cow output by 7.3 percent a year, from 2,441 pounds in 1970 to 2,622 pounds in 1975. Socialized farms, on the other hand, expect to jump average annual production per head from 8,409 to 9,671 pounds—a 15-percent increase.

Reaching the goal will require the additional production of 462 million pounds, or over 8 percent, more milk. Authorities state that an increase in the average production of 220 pounds, around 10 percent per cow, will be necessary during the 5-year period. This would represent a notable achievement for Yugoslavia because an increase of only 180 pounds was attained in the past 10 years.

A second major boost to the dairy industry is expected to result from a recent increase in the price of milk to producers. Heretofore, generally low prices had become a main barrier to the improvement of the dairy industry in Yugoslavia. Producers have been facing higher input costs, especially for feedgrains. At the same time, however, prices of milk and milk products had been frozen on the retail market.

Hence, the official announcement made by the Government on February 26 of this year, which permits the setting of new, higher prices for fresh milk, was greatly welcomed by the industry. Under the current rules, producer districts may establish new retail prices for fresh milk according to the conditions existing in each district. The new price level is expected to stimulate both producers and processors.

Other important measures in the country's improvement program include greater artificial-insemination (AI) service and the use of greater expertise generally in the selection, feeding, and management of dairy cattle. Currently, about 100 percent of all cows on socialized farms are artificially inseminated, while only 38 percent of all milk cows on private farms are bred artificially. There now are 18 AI stations with 400 bulls, some of which are progeny tested. These are all purebred animals, and half of them are Simmentals. In the future, selection institutes located in each of the six Yugoslav Republics will coordinate their efforts and set higher standards throughout their respective areas.

Meanwhile, Yugoslav dairy plants are to be modernized and enlarged. In 1970, 1,261 million pounds of milk were delivered to commercial dairies. Of this amount, about one-half each came from the private and socialized sectors. Over 70 percent of the amount was processed as fresh milk and sold to domestic consumers, while the balance largely became cheese. By 1975, it is hoped that 2,050 million pounds of milk will be delivered to the commercial plants.

HIGH OUTPUT OF U.S. DAIRY CATTLE IMPORTS CITED IN YUGOSLAV REPORT

Faced with the need to reduce its high cost of milk production, but unable to control many of the elements that created it, the Agricultural-Industrial Kombinat Becej, a Yugoslav State enterprise, decided in 1970 that the solution was to increase output by industrializing its dairy operation. Because of the high milk output of U.S. dairy cattle, it planned to use U.S.-bred Holstein heifers as the foundation on which to rebuild its dairy herd.

That year the enterprise purchased 80 bred Holstein heifers from U.S. sources, the first commercial importation of dairy cattle from the United States by Yugoslavia. Because of the excellent performance of this small herd, the following year the Kombinat purchased an additional 804 head; 216 of these were sent to Kombinat Kula, a nearby socialized farm.

Early in 1972, the Yugoslav Government issued a report giving the background of the program and detailing some of the achievements of the original herd of 80 cattle.

According to the report, the management of the Becej Kombinat had been disturbed by the low productivity of the farm's labor force, but had realized it could do little to increase its work output by traditional methods. It knew that with the same work output per employee, production costs could be cut if the amount of milk per cow could be boosted. Hence the management's decision to industrialize. But to do so, the Kombinat required a cow having certain genetic and physical characteristics; the Holstein breed provided these traits.

At the time of its first purchase of U.S. dairy cattle, the Kombinat's herd —consisting of Dutch Friesians and Simmentals—had an average milk output of 9,630 pounds per cow with 3.72 percent butterfat. This was higher than the 1970 average of 8,615 pounds for West Germany, 9,458 for the Netherlands, and 8,859 for Denmark. The Kombinat's management was aware that an average production of 13,620 pounds of milk per cow was not unusual on some U.S. farms. It decided to shoot for this output level.

A Yugoslav mission came to the United States and started its search for Holstein heifers to send back to Becej. Working with the Holstein-Friesian Association of America, the mission selected 80 cattle.

The mission purchased bred heifers in five States: Washington (10 head), Wisconsin (59), New York (2), Pennsylvania (6), and Massachusetts (3). Ten came from the Carnation Farm, and all were from herds registered with the association. They were air-shipped from Hartford, Connecticut, to Belgrade, arriving in Yugoslavia November 18, 1970.

Within 6 days of the herd's arrival, the first calf was born without difficulty. In December another 7 heifers calved without problems.

A total of 44 Holstein calves were born between November 1970 and March 1971. Their average weight at birth was heavier than the average of both the Dutch Friesians and the Simmentals born during the same period. The disparity in weight between the U.S. calves and Simmental calves was negligible (about a half pound), but the average weight of the Holstein calves was nearly 14.5 pounds greater than the average Dutch Friesian calf, a significant difference.

Close records were kept on the performance of each of 80 heifers and the report detailed the performance of the first six to produce calves. After calving, and during a 100-day lactation period, the six produced an average of 4,780 pounds of milk with a 4.15 percent of butterfat. This was 1,530 pounds more than the average milk production of the farm's Dutch Friesians and 2,430 pounds more than the average output of the farm's Simmentals; the Holstein average increased to an even higher figure at the end of the lactation period.

Later annual statistics became available for the 80 bred heifers bought by Kombinat PIK Becej. Average production in their first lactation was 14,762 pounds. Several of the first-calf heifers made records in the 17,000- to 19,000-pound range, with one topping the 20,000-pound mark—all on a twice-a-day milking for 305 days.

Computed on a mature-equivalent basis, the production records for this first group of American Holsteins averaged 17,196 pounds of milk and 612 pounds of fat on a twice-a-day milking schedule for the 305-day period. On this basis, 14 animals topped the 20,000-pound level with several in the 18,000- to 20,000-pound range. The leading animal produced 25,328 pounds.

Several of these American Holsteins were displayed at Yugoslavia's famous Novi Sad Agricultural Fair which ran from May 12-22. They were featured in a U.S. exhibit cosponsored by the U.S. Department of Agriculture and the Holstein-Friesian Association and were examined by 100,000 enthusiastic fairgoers.

The report pointed out that while there is generally a relationship between the amount of milk produced and its butterfat content—the larger the output the lower the butterfat percentage—this need not be an immutable rule. It said that because the heifers were selected largely on the basis of their parents' performances, it was expected that the U.S. Holsteins would all perform well in the production of butterfat.

The document emphasized that the U.S.-bred Holsteins have an even and regular shape that is suitable for mechanical milking, and that if the farm is able to fully mechanize its production process, this would be an important advantage in making it possible.

LIVESTOCK BOOM CAUSES SHORTAGE OF FEEDGRAINS AND WHEAT IN YUGOSLAVIA

Yugoslavia's livestock and poultry population explosion is straining the country's grain supplies. Despite last year's big feedgrain harvest, over 400,000 tons of feedgrains—including 216,000 tons from the United States—had to be imported during 1971-72 to keep up with the booming demand.

Production of coarse grains in 1971 reached 8.2 million tons—including 7.4 million tons of corn—a 600,000-ton gain over the previous year's total. Feed requirements shot up by 800,000 tons, however, which made larger imports necessary.

This growing demand for feedgrains is expected to stimulate a 300,000-acre increase in corn acreage this year, bringing total corn plantings to over 6.2 million acres. Planting conditions have been good for corn and continuing good weather could bring a bigger harvest than last year.

Overall production of barley, oats, and rye is also expected to be larger than in 1971. The probability of further feedgrain imports, however, will rise and fall mainly with the fortunes of the corn crop as the season advances.

This season's shortage of feedgrains pushed up the price of corn to such high levels that feeders substituted some wheat in their animal rations. About 800,000 tons of the record 1971 wheat crop (5.6 million tons) was used as animal feed. So much wheat was fed, in fact, that 300,000 tons of U.S. wheat have recently been imported to build up short supplies. Additional imports of 200,000 tons are scheduled by the end of September.

Meanwhile, Yugoslavia's 1972 wheat crop, harvested in June and July, is forecast at 4.5 million tons, just over the 1965-69 average. Below-normal snow last winter and dry conditions this spring hurt the crop considerably.

Good rains, which began in April, brought some recovery, but the per acre yield is expected to be below average. In view of the reduced harvest, it appears that an additional 300,000 tons of wheat will probably be imported during the 1972-73 marketing year.

The Government has made some effort to ease the short supply situation of grains. In July 1971, the official support floor prices of grains were raised in order to bring them closer to the actual market prices.

The floor price for hard wheat was raised 13 percent, to US$76.47 per metric ton, while those for soft wheat and rye were similarly increased to $70.58. Larger increases were made for feedgrains: the price for corn was raised 43 percent, to $54.94 per ton, and barley and oat prices went up 46 percent, to $55.88 per ton.

Yet even these upward adjustments have not been able to keep up with the spiraling demand for corn. Current corn prices are about 50 percent higher than the support level.

The Government has also tried to ease the tight grain supply situation by making imports slightly cheaper. The devaluation of the Yugoslav dinar last December had made imports more costly. In March, however, the Government reduced the added import tax on agricultural goods from 6 percent to 2 percent, partly offsetting the effect of devaluation. —ANSEL S. WOOD

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Grain harvest on a Yugoslav State farm.

YUGOSLAVIA LEADS COMMUNIST BLOC AS IMPORTER OF U.S. SOYBEAN MEAL

U.S. shipments of soybean meal to Yugoslavia have been rising rapidly in the last decade. In 1970-71 (the latest year for which there is complete data) Yugoslavia bought 187,000 tons of U.S. soybean meal—about three times the amount purchased in the early years of the 1960's.

Although Yugoslavia is the No. 1 importer of U.S. soybean meal in the Eastern Bloc, the other four countries—Poland, Hungary, Bulgaria, and Czechoslovakia—all have increased their purchases. Together, they imported 587,000 tons of U.S. soybean meal last year—more than six times the 91,822-ton annual average imported in 1960-64.

The increase in Yugoslavia's use of soybean meal has been directly connected with rises in meat production. Red meat output reached about 770,000 metric tons in 1971, up 26,000 tons from 1970 production.

At the same time, poultry meat outturn totaled about 156,000 tons, 10 percent higher than the previous year.

As meat production climbed, a strong trend developed in the Yugoslav mixed-feed industry toward feed rations containing high-quality U.S. soybean meal for both hogs and poultry.

Soybean meal has been used at rates of 16 to 25 percent in broiler feeds, and 8 to 15 percent in layer feeds. Large quantities of soybean meal also were used in hog feeds. Starter feeds consisted of 20 percent soybean meal, grower feeds of 10 to 15 percent, and hog finishing rations of 20 to 30 percent. Dairy rations contained about 10 to 17 percent soybean meal.

Yugoslavia, and the other Eastern Bloc countries to a lesser extent, export meats—especially pork products. The United States has been an important market for some of these, particularly canned hams and shoulders, in recent years. The U.S. market for these products provides a valuable source of foreign exchange. Thus, Yugoslavia and other Bloc countries can import soybean meal and other U.S. farm products for dollars.

Yugoslavia's need for soybean meal probably will continue strong because of its growing livestock and rapidly developing poultry industries. However, other foreign exchange needs presently are taking priority over imports of U.S. soybeans and their products. In the October 1971-April 1972 period imports were down sharply to 26,000 short tons from 111,000 tons in the same period a year earlier.

Although U.S. soybean meal must compete with Indian peanut meal, Peruvian fishmeal, and native sunflower meal, use of the U.S. product is expected to recover and to continue growing for two reasons. Its value as an animal ration ingredient is unique and it is readily available.

TWO DEVALUATIONS MAY STILL BETTER YUGOSLAVIA'S TRADE STANCE

By AMALIA VELLIANITIS
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Yugoslavia still expects to benefit from last year's two monetary devaluations, provided the country's weather remains good and agricultural trade continues as well as expected.

Persistent trade deficits caused the devaluations in 1971—one in January and another in December. The January monetary action lowered the value of the Yugoslav dinar by 20 percent against the dollar. When that action failed to lessen the country's trade deficit substantially, the dinar was again devalued on December 22, by another 13.33 percent against the dollar.

At the time of the January devaluation Yugoslavia hoped to stem the rapid growth of imports and increase exports by lowering the value of its currency. Generally, this monetary policy tool has the effect of lowering the price of a country's exports and increasing the price of its imports. For example, sellers of products to Yugoslavia now could purchase dinars for less of their own money. These dinars then were used to purchase Yugoslav exports, so the net effect should have been a lowering of the price of exports.

However, the Yugoslavs were in such an unfavorable economic position throughout most of 1971 because of rapidly rising prices that they could not reap favorable results from the January devaluation. A strong inflationary trend which had been building up for some time drove prices up throughout the year. Thus, by the end of the year prices were 16 percent above the previous year's level. To the extent that most of this inflation was reflected in Yugoslavia's export prices, it effectively decreased much of the advantage gained through devaluation.

A major factor in increasing prices last year was the 10 to 20 percent decrease in farm production in the 1970-71 marketing year as a result of unusually poor weather. Shortfalls in crop production forced Yugoslavia to supplement domestic supplies by increasing farm imports. These imports now were at higher prices because of devaluation.

Paradoxically, Yugoslavia now had fewer farm products to export at the hoped-for lower prices achieved through devaluation, particularly in the first half of 1971. Consequently, the expected favorable results in the trade balance could not be realized then.

However, by mid-1971 some improvement in the trade balance was evident, primarily because of improved harvests. As a result, imports in the second half of 1971 decreased by 7 percent over the first half while exports increased by 17 percent. Still, this improvement was not enough to help the annual net trade balance. Final trade figures for the year showed a 6-percent increase in exports but a 15-

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Bumper 1971-72 Peanut Crop May Enable Senegal To Boost Oil Exports

Senegal's economy, largely based on the production and exportation of peanuts and peanut products, will probably be strengthened this year by revenue realized from the country's 1971-72 bumper crop. Estimates indicate that Senegal's peanut oil exports will probably show a sizable jump over those of last year.

Drought in the 1970-71 season resulted in the smallest output in recent years—545,000 tons—but ample rains fell in 1971-72 and enabled farmers to bring in a crop estimated at 920,000 tons (in-shell basis). This is the largest outturn since that of 1967-68 when slightly more than 1 million tons of peanuts were grown. (All tons are metric.)

Commercial peanut purchases are expected to reach 775,000 tons. However, this tonnage will be reduced to about 760,000 tons after it is cleaned of foreign material. Most likely all of this weight will be crushed in Senegal.

The volume of Senegal's peanuts and products available for sale on the domestic and export markets depends on how much of the crop was moved from pickup points to crushers before the rains began in June.

Earlier in the season the country's road transport system was in much poorer condition than last year and shortages of spare parts had put many trucks out of operation.

While it is desirable to ship at least half the crop to the mills by rail, there was not enough rolling stock to do this. Furthermore, many cars were being used on religious holidays to transport people instead of peanuts.

It is estimated that an average of 5,000 tons of peanuts had to be moved daily to get the crop to the mills before the onset of the rainy season. This was believed to be possible only if the transport system suffered a minimum of breakdowns, work stoppages were few, and every railcar and truck was used with maximum efficiency.

In an effort to alleviate the transportation crisis, the Government of Senegal has removed for the next year the tariff on trucks capable of transporting up to 20 tons. There was no tariff on larger trucks. Currently there are about 450 trucks in the country that are used to transport peanuts, but it is estimated that 600-700 are needed.

The Government is going to provide tarpaulins to protect that part of the peanut crop that still remained at collection points when the rains began. It also plans to construct permanent warehouses at a number of collection points in the near future.

The Senegalese Government has set a peanut production goal of 1.2 million tons, a target that may be attained with the 1972-73 crop. This output would be about 30,000 tons more than the country's record 1965 outturn of 1.17 million tons.

There are, however, a number of conditions on which this level of production depends. Weather conditions must remain favorable; cultural practices must be improved, and the Government must continue to pay peanut producers a satisfactory support price. The Government already plans to double the use of fertilizer (to 50,000-60,000 tons) during the 1972-73 crop year.

Senegal, which in recent years ranked fourth among the world's producers of peanuts and second only to Nigeria as exporter of peanuts and products, has had, over the years, a wide variety of programs to encourage farmers to grow peanuts despite a steadily declining income from their production. The Government made a small payment to farmers in 1970-71 to provide some compensation for losses suffered during the drought, and last year it released peanut growers from debts totaling some $7.9 million.

Present and future plans call for the probable maintenance of strong prices paid to producers and an improvement in the efficiency of the marketing system.

Although the Government's attention is mainly centered on boosting peanut production to a new high level, it is also making serious efforts to increase the output of other crops, especially cotton, corn, sugarcane and fruits and vegetables, and to exploit the country's production of livestock.

Such diversification would help to provide steady income for families not tied to peanut production. A current program calls for the relocation of 250 families from high-density population peanut regions and congested urban areas to more sparsely settled ones. Financed by the International Bank for Reconstruction and Development, the plan will require farmers to use modern farming methods instead of more traditional ones and make necessary the building of roads and other infrastructure not now available.

—Based on a dispatch from

JAMES R. HICKMAN
Former U.S. Agricultural Attaché
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Peanuts being stored outdoors.

Unshelled peanuts being loaded.

Reorganization of Cordage Industry Aids Mexico's Henequen Exports

BY JOHN HOBBES
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The complete overhauling of the industry that processes henequen fiber, stabilizing and improving the quality of Mexican cordage, is helping Mexico maintain its place in the important U.S. baler twine market.

The reorganization, begun in 1964, resulted in what may now be regarded as among the world's largest and most modern hard-fiber-manufacturing centers. A Government-owned corporation, Cordemex, was set up to take the place of a large number of private mills. Machinery was scrapped or relocated; new equipment was purchased, and operations located in seven mills, in and around Mérida, capital of Yucatán State and center of the henequen producing area.

Yucatán accounts for about 90 percent of Mexico's total henequen area, and about 85 percent of total production, with the balance centered in the State of Tamaulipas in northeastern Mexico. The Yucatán farm people, descendents of the Mayas, are highly dependent on henequen, which is the only large-scale crop found to tolerate the zone's dry climate and poor soils. Any substantial drop in henequen production would cause serious economic problems.

Cordemex sold 88,200 metric tons of henequen products in 1971, of which 60,000 tons were exported. About 40 percent of the fiber manufactured in Yucatán is devoted to baler twine. The most important outlet is the U.S. baler twine market, the world's largest single market for hard fiber cordage and an important market for Mexico's henequen since the 1800's. About 90 percent of U.S. baler twine requirements must be imported, and Mexico is the largest supplier.

Other kinds of products are made, but most of these—sacks and bags, for instance—are for consumption within Mexico, a large and growing market.

There are three classes of henequen growers in the Yucatán: Peasants on collective farms who are subsidized by the Mexican Government (65 percent); "landowners," remnants of the wealthy class whose lands were expropriated to form the collective farms (25 percent); and "parcelarios," making up about 10 percent of production, and who work their own parcel of land and may also work on a larger cooperative farm.

The more careful management of the "parcelarios" and "landowners" yields the better quality fiber. "Landowners" also provide fiber-extracting plants used by collective farms, and supplemental employment to the peasants. The collective farms tend to be inefficient operations.

Hurricane damage, declining world demand for cordage fibers, low prices, and curtailed operation by "landowners" have led to dwindling production. Output in 1971 was 110,000 metric tons of fiber, compared to 131,000 tons in 1964.

Henequen faces competition from sisal, a plant very similar to henequen. Sisal producing countries, including Tanzania, Brazil, Haiti, and Mozambique, have roughly doubled sales of baler twine to the United States, increasing their share of U.S. imports from less than 4 percent in 1965 to almost 38 percent in 1971. In the same period, West European countries which import raw sisal and export twine to the United States saw their share of the U.S. market decline from roughly 60 percent to less than 39.

Adding to competition, manmade fibers, notably polypropylene, have succeeded in replacing both sisal and henequen as raw material in many kinds of cordage. However, the baler-twine market has so far proven fairly resistant to manmades.

Although the sisal producers' share of the U.S. market is steadily growing, Mexican shipments of baler twine to the United States in 1971 totaled 63.4 million pounds, 10 percent more than in the 2 preceding years, representing about 24 percent of the market.

With reorganization of the cordage industry by Cordemex and its capability for effective quality controls, Mexican baler twine is expected to remain strongly competitive in the U.S. market.

Henequen fiber is prepared for processing at new Government-owned Cordemex facility.

Yugoslav Devaluations

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percent rise in imports, resulting in a net trade deficit 29 percent higher than that of 1970.

This continued increase in the trade deficit indicated that currency realinement alone could not cause a decrease in farm imports when those imports were needed badly enough. In addition, currency realinement could not decrease rapidly rising industrial imports needed to supply Yugoslavia's industry in its avowed policy of equipment modernization.

With the trade situation worsening, the Yugoslavs decided to devalue again in late December and implement a strong internal stabilization program. This program is designed to drastically decelerate the rate of price increase to no more than 5 percent this year.

So far, the level of improvement in the Yugoslav economic situation this year is not very clear from the available economic indicators. For example, prices had risen 2 percent by the end of the first quarter of 1972, which was an improvement over the 6 percent increase of the previous quarter. In addition, Yugoslavia's overall trade picture improved in the first quarter of 1972 with exports increasing in the first quarter of this year by 46 percent while imports increased only 4 percent over the same period in 1971.

On the other hand, whether or not the trade balance will continue to show such vast improvements throughout the rest of the year may well depend on the size of agricultural imports in the second half. Normally, food and agricultural products comprise an average 14 percent of the country's imports and 24 percent of its exports.

Several commodities for which Yugoslavia has either a major export or a major import market will be of decisive importance to its farm trade balance as well as the overall trade balance this year.

Wheat. The bumper 5.6-million-ton 1971 wheat crop represented a 48-percent increase over the unusually poor 1970 crop. However, even at this level domestic supplies were not adequate to meet local consumption and to rebuild depleted stocks. Thus, grain imports were continued during the last half of 1971 and well into the first half of 1972 in order to completely replenish stocks. It now looks as though these imports will have to be continued during the rest of 1972 because of a severe shortage of moisture for this year's crop which could substantially cut domestic supplies. Consequently, up to 600,000 tons may have to be imported.

Feed grains. Production of all feed grains in 1971 was estimated at 7 percent above 1970. However, increased demand for grain for livestock necessitated some feed grain imports in 1971 and will continue to do so this year. Yields of corn, by far the largest crop, are expected to increase by only a small amount. Consequently, the Government has officially approved imports of 205,000 tons of feed grains during the current calendar year, compared with the 525,000 tons approved for import in 1971.

Vegetable oils and seeds. Yugoslavia's primary domestic source of edible vegetable oil—sunflowerseeds—presents especially mixed expectations. Despite a better-than-average sunflowerseed crop in 1971 rising consumer needs and additions to stocks are expected to necessitate imports of at least 75,000 metric tons of oil during the 1971-72 marketing year.

On the other hand, the 1972 acreage allotment is expected to be boosted by a 52-percent Government increase in the retail price of edible oils approved in March. The increase served to eliminate the previous wide disparity between liquid oils and higher priced lard. The new higher edible oil price also provided the opportunity to increase the price of sunflowerseed to producers for the second time in less than a year. The increase, announced by the Government last summer, already had influenced planting plans and, with normal weather this summer, Yugoslavia may enjoy a record production of sunflowerseed this year.

Beef. With the added impetus of the December devaluation, Yugoslavia has hopes this year not only of reducing its imports, but also of expanding its exports, of beef. Beef exports are expected to be closely related to the availability of feed grains. One of the obstacles to increasing exports will be the continuing high cost of feed grains, especially corn. A rapidly rising demand for feed grains combined with recent shortfalls in corn production insured high feed grain prices last year. Corn imports will be needed to maintain adequate stocks and to meet feed grain demands for beef production. Thus, while prospects for increasing beef production and exports are better this year than last, they may be restricted by high feed prices.

Yugoslavia hopes to expand beef exports.

Plums. Yugoslavia is a major producer and exporter of plums, both fresh and dried, and plum brandy. The 1971 dried prune production estimated at 20,500 metric tons, was down 22 percent from 1970 production. One reason for the lowered output was the reduction of plum trees. Increasingly, old trees are being removed and replaced by other fruit trees. Official sources estimate that over 40 percent of the country's total plum tree population of bearing age is more than 25 years old. Consequently yields per tree have been getting smaller. A large portion of the fresh plum crop is processed into brandy, while the remainder is dried for prunes, exported as fresh plums, or consumed locally.

To sum up, Yugoslavia has gotten off to a good start this year in improving its overall trade balance and lowering the rate of price increases. The country may have reached a turning point in its economy, where the monetary policies recently instituted could affect the economy to a greater degree than they could have a year ago. However, improvement in the external economy may be hurt by the caprices of the weather this summer and fall. At this time, though, there are no indications that agricultural trade, with the exception of wheat, is not doing as well as expected or better. Thus, the success of December's devaluation depends strongly on agriculture's performance in the next 6 months.

CROPS AND MARKETS

TOBACCO

Malawi Tobacco Becomes Largest Foreign Exchange Earner

Tobacco production and trade continue to expand in Malawi. Partly as a result of the sanctions against Rhodesia, production has increased rapidly and projection of future crops is up.

In the 6 years since the sanctions, flue-cured production has expanded more than five times and burley production has more than trebled. The 1972 crop is estimated at 16 million pounds of flue-cured and 15 million of burley. Most of the flue-cured and burley are grown on estates with rather large acreages. Malawi is also a major producer of fire-cured and air-cured tobacco with the 1972 crop estimated at 32 million pounds.

Average prices for tobacco have been relatively high in the past few years. For the 1971 crop, average prices were: Flue-cured, 31 U.S. cents per pound; burley, 18 cents per pound; and fire-cured, 28 cents per pound.

Exports reached a record level in 1971 of nearly 46 million pounds for a value of US$16.5 million. Exports of flue-cured and burley were 10.6 million and 8.9 million pounds, respectively. Tobacco now contributes nearly 45 percent of the foreign exchange earnings from domestic merchandise exports.

LIVESTOCK AND MEAT PRODUCTS

Argentina Modifies Beef Bans—Exports Up

The Argentine Government announced on July 6 a temporary return to alternate weekly bans on local beef consumption following very strong public reaction to the recently imposed ban during 2 out of every 3 weeks. A special commission has been delegated to develop recommendations for a more permanent commercial meat policy by August 12.

Beef exports increased substantially during the first half of 1972 owing to increased production and restraints on domestic utilization. Exports during June were 13 percent higher than a year earlier, with gains sparked by removal of U.K. and EC duties. Cattle slaughter increased by 200,000 head during the first half of 1972, with slaughter weights averaging 7 percent heavier.

During the first 6 months of 1972, exports (on a carcass weight equivalent) increased 65 percent above the same period in 1971; about 31 percent of total production went for export, compared to 24 percent in all of 1971.

Chile Revises Downward 1972 Beef Imports

Owing to sharply higher world beef prices and Chile's tight foreign exchange reserve situation, Chile's 1972 imports of beef and veal are now estimated at 104 million pounds. In February Chile's beef import needs were at 176 million pounds, which included the meat equivalent of imported slaughter cattle. Imports of over 45,000 head of slaughter cattle in 1972, primarily from Argentina, will augment imported beef supplies by about 25 percent.

All but about 12 million of the 104 million pounds has been contracted for by ECA, a governmental food supply agency. Argentina continues as Chile's major supplier, with neighboring South American countries providing most of the remaining chilled and frozen beef supplies. For the first time Oceania suppliers are becoming a factor in the Chilean market: New Zealand has already contracted for 1972 deliveries of 9.5 million pounds. Some reports say that Australia may also contract for future shipments.

FATS, OILS, AND OILSEEDS

Spain Extends Support Programs for Oilseeds

The Spanish Ministry of Agriculture has extended last year's support program for soybeans and sunflowerseed to cover the 1972 planting season. This program consists mainly of subsidizing 50 percent of the seed cost and 20 percent of the fertilizer costs. Soybeans will continue to be supported at US$167 per metric ton ($4.55 per bushel) and sunflowerseed, at $155 per ton.

Peru's Fishmeal Production Drops

Peru's fishmeal production during the September 1971-August 1972 fishing season is estimated at 1.80 million metric tons—60,000 tons less than last year and the smallest since 1967-68.

Despite the decline in output, supplies for 1971-72 are estimated at a record 2.44 million tons—due to a heavy carry-in stock; this compares with supplies of 2.02 million tons in 1970-71 and 1.99 million tons in 1969-70. This season's 415,000-ton gain in supplies is the largest since the record large increase of 450,000 tons in 1967-68.

Peru's fishmeal exports in 1971-72 are estimated at 2.23 million metric tons—roughly 900,000 tons above the 1970-71 volume—exceeding the previous record volume of 2.05 million tons exported in 1968-69.

The estimated increase in exports in 1971-72 is equivalent to 1.3 million tons of soybean meal or the meal fraction of 60 million bushels of soybeans. If this export volume is achieved, Peru will have reduced its fishmeal stocks to about 150,000 tons by September 1, 1972—the smallest volume for that date since 1969.

Assuming normal monthly catches when fishing is resumed in September, fishmeal supplies in 1972-73 may well be relatively tight, at least until early 1973.

FRUITS, NUTS, AND VEGETABLES

Lower Italian Cherry Crop Forecast for 1972

Italy's 1972 cherry crop is forecast at 220,500 short tons, approximately 11 percent below last year's harvest. Adverse weather following blossoming is cited as the primary factor for the decline.

ITALIAN CHERRY PRODUCTION [1]
[In short tons]

Region	1969	1970	1971	1972
Piedmont	11,600	12,400	10,200	8,900
Campania	44,200	75,600	86,900	80,500
Puglia	15,000	16,600	17,500	13,800
Others	117,900	127,300	132,300	117,300
Total	188,700	231,900	246,900	220,500

[1] Production statistics are not classified by variety. Office of Agricultural Attaché and IRVAM.

The 1972 Italian brined cherry pack is forecast at 10,000 short tons (without stems and pits), approximately 29 percent above last year's 7,700-ton pack.

It must be noted, however, that several industry members feel the pack will not exceed last year's output. In addition, this estimate does not include any product packed by or for French business concerns currently involved in manufacturing brined cherries in the Italian growing regions.

In 1971 exports of fresh cherries totaled 26,745 tons with a value of $13 million. In 1972, exports are expected to fall by 20 percent because of supply shortages in Italy's traditional export regions. Overseas shipments of brined cherries in 1971-72 are expected to total 9,400 tons (without stems or pits), well below last season's 13,800 tons.

COTTON

U.S. Cotton Textile Imports At Alltime High Level

Cotton textile imports for January-May 1972 reached an alltime high which—if projected for the year at 2.1 billion square yards—will break all U.S. import records.

Much of the increase is from countries that had undershipped cotton quotas as they built a history of manmade fiber textile exports in anticipation of negotiations with the United States.

If sustained at the rate of the first 5 months, imports of cotton textiles for the year 1972 will be equivalent to over 1 million bales of cotton.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 19	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	2.02	+1	1.94
USSR SKS-14	(1)	(1)	1.88
Australian FAQ [2]	1.78	−1	1.78
U.S. No. 2 Dark Northern Spring:			
14 percent	1.93	+2	1.91
15 percent	2.01	+5	1.96
U.S. No. 2 Hard Winter:			
13.5 percent	1.82	+1	1.84
No. 3 Hard Amber Durum	1.93	+7	1.80
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	1.74
Feedgrains:			
U.S. No. 3 Yellow corn	1.50	+1	1.65
Argentine Plate corn	1.78	+4	1.79
U.S. No. 2 sorghum	1.48	+1	1.57
Argentine-Granifero sorghum	1.50	0	1.58
U.S. No. 3 Feed barley	1.28	+3	1.22
Soybeans:			
U.S. No. 2 Yellow	3.80	−5	3.71
EC import levies:			
Wheat [3]	[4] 1.82	0	1.41
Corn [5]	[4] 1.23	0	.81
Sorghum [5]	[4] 1.25	0	.90

[1] Not quoted. [2] Basis C.I.F. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries. Note: Basis 30- to 60-day delivery.

EC Fixes Grain Threshold Prices for 1972-73

The EC Council has approved the 1972-73 threshold prices for grains at levels unchanged from those proposed earlier by the EC Commission.

The new August threshold prices, as well as the old threshold prices (in U.S. dollars per metric ton) are listed below:

	1972-73	1971-72
Soft wheat	121.37	107.25
Durum	141.81	125.25
Barley	110.93	97.85
Corn	108.26	94.55
Sorghum	107.04	94.43

The threshold price increases were due to two factors: the average threshold price level as measured in EC Units of Account increased about 4.5 percent, and the U.S. dollar was devalued about 8 percent.

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FOREIGN AGRICULTURE

Prominent Korean Organizations Promote Greater Use of Wheat and Cotton

U.S. wheat and cotton were promoted in Seoul this past spring by a number of prominent Korean organizations.

The National Buddhist Conference for Diet Improvement, convened to promote the use of wheat in the national diet, was under the auspices of the National Buddhist Foundation and supported by the Ministry of Agriculture and Forestry and the Ministry of Culture and Public Information, the Korea Food Research Institute, and the Korea Flour Millers Industrial Association.

Seoul's Citizens Hall, where prominent Korean organizations promoted the benefits of wheat foods and the versatility of cotton.

Indicative of the importance of the sessions were the speakers: President Chung Hee Park; Minister of Agriculture Bo Hyun Kim; and Neung Ku Lee, venerated leader of Buddhists in Korea and president of the International Buddhist Association.

Buddhist monks have been asked not only to change their own diet from its traditional emphasis on rice, but to use noodles and bread in their ceremonial offerings. Buddha's birthday on May 20 was an important ceremony in which wheat foods were to be featured.

To promote the use of cotton, the Spinners and Weavers Association of Korea and the Seoul Y.W.C.A. presented a cotton fashion show, featuring the current U.S. Maid of Cotton, Debbie Wright of Texas. A standing-room-only audience saw some 150 locally designed fashions for men and women made from 100 percent U.S. cotton.

Japanese Firms Plan To Set Up Meat Plant in Australia

In early May 1972, four Japanese companies announced plans to build up a large beef-producing operation in the Northern Territory of Australia. This move is a further indication of growing Japanese involvement in Australian beef. The new venture hopes to graze 100,000 cattle and establish a slaughter and packing facility in Townsville, Queensland.

Japanese interest was displayed previously in 1970, when a Japanese trading firm joined with a large Australian meatpacking firm to establish a feedlot near Aberdeen, New South Wales. Here, cattle were to be fed to produce beef with the white fat and extensive marbling preferred by the Japanese.

In Canada, too, there is increasing Japanese interest in meat production. A recent Japanese Trade Council newsletter announced that the largest compound feed manufacturer in Japan, together with a large Japanese conglomerate, plans to start a feedlot in the Province of Alberta, on a joint basis with Canadian interests. This project, the publication stated, would run 1,000 to 2,000 head of beef cattle plus hogs and would market meat to Canadian dealers for distribution in the Canadian, American, and Japanese markets.